

**REPORT OF THE AUDIT OF THE
PULASKI COUNTY
SCHOOL DISTRICT**

**For The Fiscal Year Ended
June 30, 2014**

ROSS & COMPANY, PLLC
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Members of the Board
Pulaski County School District
Somerset, Kentucky

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District, Somerset, Kentucky, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, including *Appendix I—Audit Extension Request and Appendix II—Instructions for Submissions of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 33 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pulaski County School District's basic financial statements. The introductory section and combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of the Pulaski County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Pulaski County School Districts' internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ross and Company", written in a cursive style.

Ross and Company, PLLC
November 14, 2014

**PULASKI COUNTY SCHOOL DISTRICT
SOMERSET, KENTUCKY
Management's Discussion and Analysis (MD & A)
Year Ended June 30, 2014**

As management of the Pulaski County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning and ending balance for the District's General Fund was \$3,996,371 and \$5,821,461, respectively.
- The General Fund had \$ 62.4 million in revenue, including inter-fund transfers and beginning balance, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Including inter-fund transfers, there was \$56.60 in General Fund expenditures.
- SEEK revenue for 2013-2014 came in slightly under the forecasted amount at 99.73%, which was \$80,067 less than forecast. Interest income dipped in the General Fund to \$29,018 down from \$111,427. A new bank bid was executed for 2013-2014. The rate had not changed for four years. Therefore, the new interest rate is lower due to the state of the national economy. Utility tax receipts increased slightly from \$3,249,717 to \$3,313,558. A major impact made on the district was the levying of a 4% revenue increase tax rate. General property tax revenue came in at 99.68% of projected with total receipts at \$9,748,902. The increase of receipts from the previous year totaled \$847,679. Tax receipts from motor vehicle taxes increased from \$1,779,749 to \$1,782,753. Delinquent tax revenue slowed again to \$271,440 from \$325,416. Omitted tax receipts came in \$45,578 more than the previous year.
- CERS rates lowered to 18.96% for the employer share. KTRS had an employer share rate for the second year equal to 1.50%. The employer rate will increase each year incrementally until 2015 when the rate is currently slated to level at 3.0%. This will be a drastic increase in employer costs for the Pulaski County Board of Education which is currently an estimated \$920,000 for KTRS costs alone in the year 2015.
- 2014 brought about the closure of the Southern Middle School and Pulaski County High School Projects. Nancy Elementary roof was replaced using insurance monies as a result of hail damage. Northern Middle Sewer Upgrade took place during the school year and was completed. Also, ground broke on Eubank Elementary addition and renovation and is continuing. Eubank is the last elementary school in the district in need of renovation. The existing cafeteria is being renovated for additional classrooms, a new construction of a cafeteria is underway, a new sewer plant has been installed, and a new façade will be placed on the front. The bond sale for the Northern Middle Sewer and the Eubank project occurred during the spring of 2014.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Districts basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of activities presents information showing how the District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities.) The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 9 and 10.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are the day care and food service operations. All other activities of the District are included in the governmental funds.

The governmental fund financial statements can be found on pages 11 and 13.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The notes to the financial statement can be found on pages 20-34.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$21,844,217 as of June 30, 2014.

A portion of the District's Net Position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District used these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition of capital assets, and the depreciation of capital assets.

NOTES TO THE FINANCIAL STATEMENTS
PULASKI COUNTY SCHOOL DISTRICT
JUNE 30, 2014

Net Position for the period ending June 30, 2014 and 2013, respectively:

ASSETS	2014	2013
Total current assets	\$ 13,871,245	\$ 7,594,155
Total non-current assets	82,631,477	73,836,163
Total assets	96,502,722	81,430,318
Deferred outflow	797,159	-
Total assets & deferred outflow	<u>\$ 97,299,881</u>	<u>\$ 81,430,318</u>
LIABILITIES		
Total current liabilities	\$ 8,620,137	\$ 8,519,721
Total non-current liabilities	66,835,527	64,052,315
Total liabilities	<u>75,455,664</u>	<u>72,572,036</u>
NET POSITION		
Invested in capital assets, net of related debt	12,573,230	6,734,474
Restricted	6,163,121	491,356
Unrestricted	3,107,866	1,632,442
Total Net Position	<u>\$ 21,844,217</u>	<u>\$ 8,858,272</u>

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NOTES TO THE FINANCIAL STATEMENTS
PULASKI COUNTY SCHOOL DISTRICT
JUNE 30, 2014

The following table presents a summary of General Fund revenue and expense for the fiscal year ended June 30, 2014.

Revenues	<u>General Fund</u>
From local sources	\$ 16,222,535
State sources	41,612,413
Other sources	95,580
Transfers	<u>490,862</u>
Total revenues	<u>\$ 58,421,390</u>
Expenditures	
Instruction	33,341,519
Support services	-
Student	3,389,516
Instruction staff	4,666,178
District administration	1,082,883
School administration	2,705,331
Business	678,892
Plant operation and maintenance	5,654,520
Student transportation	3,841,399
Facilities acquisition and construction	-
Community Service	3,886
Interfund Transfers	<u>1,232,176</u>
Total expenditures	<u>56,596,300</u>
Excess (deficit) of revenues over expenditures & transfers	<u>\$ 1,825,090</u>

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2014, including inter-fund transfers and on-behalf payments, were \$62,417,761 including a beginning balance of \$3,996,371.
- General fund budget (excluding on-behalf revenues) compared to actual revenue varied slightly from line item to line item with the ending actual revenues being \$1,745,273 more than budgeted by 3.58 favorable percentage points. This is due largely in part to the 4% tax levy issued by the Board.
- General fund budget expenditures (excluding on-behalf payments) to actual varied from line item to line item with the ending actual expenditures being \$4,076,187 less than budgeted.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for 2015 with \$4,758,403 or 9.10% in contingency.

Questions regarding this report should be directed to **Steve Butcher, Superintendent**, or **Rebecca Wright, Finance Officer** at 606-679-1123 or by mail at P O Box 1055, Somerset, KY 42502.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 8,526,816	\$ 1,093,321	\$ 9,620,137
Other receivables	3,230,487	221,156	3,451,643
Inventory	113,095	189,187	302,282
Prepaid Expense	497,183	-	497,183
Total current assets	<u>12,367,581</u>	<u>1,503,664</u>	<u>13,871,245</u>
Non-current Assets			
Land	3,345,670	-	3,345,670
Land Improvements	133,171	-	133,171
Buildings and improvements	96,512,170	-	96,512,170
Furniture and equipment	20,518,231	2,373,220	22,891,451
Construction in progress	8,621,150	-	8,621,150
Less: Accumulated depreciation	(47,016,959)	(1,855,176)	(48,872,135)
Total non-current assets	<u>82,113,433</u>	<u>518,044</u>	<u>82,631,477</u>
Total assets	<u>94,481,014</u>	<u>2,021,708</u>	<u>96,502,722</u>
Deferred outflow	797,159	-	797,159
Total assets & deferred outflows	<u><u>\$ 95,278,173</u></u>	<u><u>\$ 2,021,708</u></u>	<u><u>\$ 97,299,881</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 488,195	\$ 101,150	\$ 589,345
Deferred revenue	647,232	16,806	664,038
Interest payable	2,396,114	-	2,396,114
Current portion of long-term obligations	3,087,072	-	3,087,072
Current portion of capital lease obligations	808,886	-	808,886
Current portion of sick-leave	317,769	-	317,769
Other current liabilities	756,913	-	756,913
Total current liabilities	<u>8,502,181</u>	<u>117,956</u>	<u>8,620,137</u>
Non-current Liabilities			
Non-current portion of long-term obligation	62,605,000	-	62,605,000
Non-current portion of capital lease obligations	3,557,289	-	3,557,289
Non-current portion of accrued sick leave	673,238	-	673,238
Total non-current liabilities	<u>66,835,527</u>	<u>-</u>	<u>66,835,527</u>
Total liabilities	<u>75,337,708</u>	<u>117,956</u>	<u>75,455,664</u>
NET POSITION			
Invested in capital assets, net of related debt	12,055,186	518,044	12,573,230
Restricted for:			
Capital projects	3,908,358	-	3,908,358
Other	869,055	1,385,708	2,254,763
Unrestricted	3,107,866	-	3,107,866
Total net position	<u>19,940,465</u>	<u>1,903,752</u>	<u>21,844,217</u>
Total liabilities and net position	<u><u>\$ 95,278,173</u></u>	<u><u>\$ 2,021,708</u></u>	<u><u>\$ 97,299,881</u></u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
Instruction	\$42,607,863	\$ 34,150	\$ 8,166,837	\$ -	\$ (34,406,876)	\$ -	\$ (34,406,876)
Support services:							
Student	3,425,415	-	25,684	-	(3,399,731)	-	(3,399,731)
Instruction staff	5,454,310	-	862,533	-	(4,591,777)	-	(4,591,777)
District administrative	1,084,025	-	-	-	(1,084,025)	-	(1,084,025)
School administrative	2,789,057	-	83,726	-	(2,705,331)	-	(2,705,331)
Business	727,880	-	33,241	-	(694,639)	-	(694,639)
Plant operation and maintenance	(3,083,165)	-	-	-	3,083,165	-	3,083,165
Student transportation	4,421,661	-	54,379	-	(4,367,282)	-	(4,367,282)
Facilities acquisition and construction	1,612,469	-	-	1,772,708	160,239	-	160,239
Community service activities	1,070,237	-	1,066,351	-	(3,886)	-	(3,886)
Other	236,507	-	56	-	(236,451)	-	(236,451)
Interest on long-term debt	2,309,729	-	-	-	(2,309,729)	-	(2,309,729)
Total governmental activities	62,655,988	34,150	10,292,807	1,772,708	(50,556,323)	-	(50,556,323)
Business-type Activities							
Food service	5,052,899	196,996	4,786,195	-	-	(69,708)	(69,708)
Child Care	699,070	571,465	208,747	-	-	81,142	81,142
Total business-type activities	5,751,969	768,461	4,994,942	-	-	11,434	11,434
Total school district	\$68,407,957	\$ 802,611	\$15,287,749	\$ 1,772,708	\$ (50,556,323)	\$ 11,434	\$ (50,544,889)
General Revenues							
Property taxes					\$ 13,122,876	\$ -	\$ 13,122,876
Delinquent property tax					271,440	-	271,440
Motor vehicle taxes					1,782,753	-	1,782,753
Utility taxes					3,313,558	-	3,313,558
Investment earnings					29,018	3,874	32,892
State aid formula grants					42,205,469	-	42,205,469
Loss on sale of fixed assets					95,580	-	95,580
Miscellaneous					833,246	-	833,246
Transfers					198,099	(198,099)	-
Total general revenues					62,088,681	(194,225)	61,894,456
Change in net position					11,532,358	(182,791)	11,349,567
Net position - beginning					8,858,282	2,086,543	10,944,825
Prior Period Adjustment					(450,175)	-	(450,175)
Net position - ending					\$ 19,940,465	\$ 1,903,752	\$ 21,844,217

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2014

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,622,718	\$ (1,341,603)	\$ 3,985,681	\$ 260,020	\$ 8,526,816
Account Receivable	1,080,451	2,150,036	-	-	3,230,487
Inventory	113,095	-	-	-	113,095
Prepaid Expense	5,739	-	-	491,444	497,183
Total assets	<u>\$ 6,822,003</u>	<u>\$ 808,433</u>	<u>\$ 3,985,681</u>	<u>\$ 751,464</u>	<u>\$ 12,367,581</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 243,629	\$ 161,201	\$ 77,323	\$ 6,042	\$ 488,195
Deferred revenue	-	647,232	-	-	647,232
Other current liabilities	756,913	-	-	-	756,913
Total liabilities	<u>1,000,542</u>	<u>808,433</u>	<u>77,323</u>	<u>6,042</u>	<u>1,892,340</u>
Fund Balances					
Restricted:					
Future Construction	-	-	3,908,358	-	3,908,358
Other	-	-	-	503,485	503,485
Committed:					
Sick Leave Payable	365,570	-	-	-	365,570
Unassigned:	5,455,891	-	-	241,937	5,697,828
Total fund balances	<u>5,821,461</u>	<u>-</u>	<u>3,908,358</u>	<u>745,422</u>	<u>10,475,241</u>
Total liabilities and fund balances	<u>\$ 6,822,003</u>	<u>\$ 808,433</u>	<u>\$ 3,985,681</u>	<u>\$ 751,464</u>	<u>\$ 12,367,581</u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS -
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance-Governmental Funds			\$ 10,475,241
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental:			
Cost of capital	\$	120,509,242	
Construction in progress		8,621,150	
Accumulated depreciation		(47,016,959)	
Deferred outflow		797,159	82,910,592
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds:			
Bonds payable		(65,692,072)	
Capital lease payable		(4,366,175)	
Interest payable		(2,396,114)	
Sick leave		(991,007)	(73,445,368)
Total Net Position-Governmental Funds			<u>\$ 19,940,465</u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2014

Revenues	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
From local sources					
Property taxes	\$ 10,236,424	\$ -	\$ -	\$ 3,157,892	\$ 13,394,316
Motor vehicle taxes	1,782,753	-	-	-	1,782,753
Utility taxes	3,313,558	-	-	-	3,313,558
Other taxes	236,642	-	-	-	236,642
Earnings on investments	29,018	-	-	-	29,018
Other local revenues	624,140	14,462	-	243,256	881,858
State sources					
SEEK	29,590,972	-	-	1,772,708	31,363,680
On Behalf Payments	11,971,334	-	-	593,056	12,564,390
Other	50,107	3,467,559	-	-	3,517,666
Federal - indirect	-	6,810,786	-	-	6,810,786
Total revenues	57,834,948	10,292,807	-	5,766,912	73,894,667
Expenditures					
Instruction	33,341,519	8,544,831	-	9,078	41,895,428
Support services					
Student	3,389,516	25,684	-	-	3,415,200
Instruction staff	4,666,178	862,533	-	1,027	5,529,738
District administration	1,082,883	-	-	-	1,082,883
School administration	2,705,331	83,726	-	-	2,789,057
Business	678,892	33,241	-	-	712,133
Plant operation and maintenance	5,654,520	-	-	3,887	5,658,407
Student transportation	3,841,399	54,379	-	856	3,896,634
Facilities acquisition and construction	-	-	1,612,469	-	1,612,469
Community service activities	3,886	1,066,351	-	-	1,070,237
Debt service	-	-	-	6,054,198	6,054,198
Other expenditures	-	56	-	-	56
Total expenditures	55,364,124	10,670,801	1,612,469	6,069,046	73,716,440
Excess (deficit) of revenues over expenditures	2,470,824	(377,994)	(1,612,469)	(302,134)	178,227
Other Financing Sources (Uses)					
Other financing sources- Not transfers	95,580	-	-	-	95,580
Bond proceeds	-	-	5,813,590	-	5,813,590
Operating transfers in	490,862	377,994	-	5,461,142	6,329,998
Operating transfers out	(1,232,176)	-	(292,763)	(4,606,960)	(6,131,899)
Total other financing sources (uses)	(645,734)	377,994	5,520,827	854,182	6,107,269
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	1,825,090	-	3,908,358	552,048	6,285,496
Net change in fund balances	1,825,090	-	3,908,358	552,048	6,285,496
Fund balance, July 1, 2013	3,996,371	-	-	193,374	4,189,745
Fund balance, June 30, 2014	\$ 5,821,461	\$ -	\$ 3,908,358	\$ 745,422	\$ 10,475,241

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Total net change in fund balances- governmental funds \$ 6,285,496

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period. 7,505,272

In the statement of activities, only the gain on the sale of asset is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differ from the change in fund balances by the basis of the asset sold. -

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which bond proceeds exceed principal payments. (2,030,956)

In the statement of activities, certain operating expenses such as compensated absences (sick leave), are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year special termination benefits paid exceed the amounts earned. 76,152

Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds. (303,606)

Change in Net Position - Governmental Funds \$ 11,532,358

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

As of June 30, 2014

ASSETS	Food Service Fund	Child Care Fund	Total
Current Assets			
Cash and cash equivalents	\$ 857,391	\$ 235,930	\$ 1,093,321
Other receivables	187,523	33,633	221,156
Inventory	189,187	-	189,187
Total current assets	<u>1,234,101</u>	<u>269,563</u>	<u>1,503,664</u>
Noncurrent Assets			
Furniture and equipment	2,373,220	-	2,373,220
Less: Accumulated depreciation	(1,855,176)	-	(1,855,176)
Total noncurrent assets	<u>518,044</u>	<u>-</u>	<u>518,044</u>
Total assets	<u><u>\$ 1,752,145</u></u>	<u><u>\$ 269,563</u></u>	<u><u>\$ 2,021,708</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 93,235	\$ 7,915	\$ 101,150
Deferred Revenue	16,806	-	16,806
Total current liabilities	<u>110,041</u>	<u>7,915</u>	<u>117,956</u>
Total liabilities	<u>110,041</u>	<u>7,915</u>	<u>117,956</u>
NET POSITION			
Invested in capital assets, net of related debt	518,044	-	518,044
Restricted for:			
Net Position	934,873	261,648	1,196,521
Inventory	189,187	-	189,187
Total net position	<u>1,642,104</u>	<u>261,648</u>	<u>1,903,752</u>
Total liabilities and net position	<u><u>\$ 1,752,145</u></u>	<u><u>\$ 269,563</u></u>	<u><u>\$ 2,021,708</u></u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the year ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
Operating Revenues			
Service sales	\$ 185,044	\$ 568,760	\$ 753,804
Other operating revenue	11,952	2,705	14,657
Total operating revenues	<u>196,996</u>	<u>571,465</u>	<u>768,461</u>
Operating Expenses			
Salaries and wages	2,217,496	639,273	2,856,769
Professional and contract services	46,564	27,905	74,469
Supplies and materials	2,683,299	31,307	2,714,606
Depreciation	74,774	-	74,774
Other operating expenses	30,766	585	31,351
Total operating expenses	<u>5,052,899</u>	<u>699,070</u>	<u>5,751,969</u>
Operating income (loss)	<u>(4,855,903)</u>	<u>(127,605)</u>	<u>(4,983,508)</u>
Non-operating revenues (expenses)			
Federal grants	4,563,835	157,332	4,721,167
State grants	222,360	51,415	273,775
Interest income	3,874	-	3,874
Total non-operating revenues (expenses)	<u>4,790,069</u>	<u>208,747</u>	<u>4,998,816</u>
Other Financing Sources (Uses)			
Operating transfers out	(198,099)	-	(198,099)
Total other financing sources (uses)	<u>(198,099)</u>	<u>-</u>	<u>(198,099)</u>
Net income (loss)	(263,933)	81,142	(182,791)
Total net position, July 1, 2013	<u>1,906,037</u>	<u>180,506</u>	<u>2,086,543</u>
Total net position, June 30, 2014	<u>\$ 1,642,104</u>	<u>\$ 261,648</u>	<u>\$ 1,903,752</u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
Cash Flows from Operating Activities			
Cash received from lunchroom sales	\$ 485,192	\$ 535,127	\$ 1,020,319
Cash payments to employees for services	(2,217,496)	(639,273)	(2,856,769)
Cash payments to suppliers for goods and services	(2,723,839)	(51,297)	(2,775,136)
Cash payments for other operating activities	(30,766)	(585)	(31,351)
Net cash from operating activities	<u>(4,474,957)</u>	<u>(153,323)</u>	<u>(4,628,280)</u>
Cash Flows from Capital Financing Activities			
Acquisition of capital assets	(3,033)	-	(3,033)
Net cash from capital financing activities	<u>(3,033)</u>	<u>-</u>	<u>(3,033)</u>
Cash Flows from Noncapital Financing Activities			
Non-operating grants received	4,786,195	208,747	4,994,942
Transfers	(198,099)	-	(198,099)
Net cash from noncapital financing activities	<u>4,588,096</u>	<u>208,747</u>	<u>4,796,843</u>
Cash Flows from Investing Activities			
Interest on investments	3,874	-	3,874
Net cash flows from investing activities	<u>3,874</u>	<u>-</u>	<u>3,874</u>
Net increase in cash and cash equivalents	113,980	55,424	169,404
Cash and cash equivalents - beginning	743,411	180,506	923,917
Cash and cash equivalents - ending	<u><u>\$ 857,391</u></u>	<u><u>\$ 235,930</u></u>	<u><u>\$ 1,093,321</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (4,855,903)	\$ (127,605)	\$ (4,983,508)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	74,774	-	74,774
Changes in assets and liabilities:			
Receivables	302,074	(33,633)	268,441
Inventory	(60,411)	-	(60,411)
Deferred Revenue	(1,926)	-	(1,926)
Accounts payable	66,435	7,915	74,350
Net Cash Provided by Operating Activities	<u><u>\$ (4,474,957)</u></u>	<u><u>\$ (153,323)</u></u>	<u><u>\$ (4,628,280)</u></u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2014

	<u>Trust/Agency Fund</u>
ASSETS	
Current Assets	
Due from other funds	<u>\$ 498,233</u>
Total assets	<u><u>\$ 498,233</u></u>
LIABILITIES	
Current Liabilities	
Due to school groups	<u>\$ 498,233</u>
Total net position and liabilities	<u><u>\$ 498,233</u></u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- FIDUCIARY FUNDS
For the year ended June 30, 2014

	<u>Trust/Agency Fund</u>
Additions	
Revenues from student activities	\$ 2,009,414
Deduction	
Non-instructional expenses	<u>(2,523,457)</u>
Change in revenues over expenses	(514,043)
Due to school groups - beginning (restated)	<u>1,012,276</u>
Due to school groups - ending	<u><u>\$ 498,233</u></u>

See accompanying notes to financial statements.

PULASKI COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

For the fiscal year ending June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pulaski County School District (District) is the basic level of government, which has financial accountability and control over all activities related to the public school education within the jurisdiction of the Pulaski County School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In accordance with GASB Standard 14, financial transactions of the following component unit are incorporated in the accompanying financial statements.

Pulaski County School District Finance Corporation – The Pulaski County School District resolved to authorize the establishment of the Pulaski County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The board members of the Pulaski County School District also comprise the Corporation's Board of Directors.

Basis of Presentation

District-wide Financial Statements:

The statement of Net Position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The District-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting:

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The District uses the following funds:

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is always a major fund of the district.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of grants from local, state and federal revenue sources that are legally restricted to expenditures for specified purposes. Project accounting is employed to maintain integrity for the various sources of funds. Federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. KDE requires this fund to be a major fund.

Construction Fund – The Construction Fund is used to account for all resources including proceeds from bond sales for the authorized acquisition and construction of capital facilities.

Capital Outlay Fund - The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives \$100 per the District's adjusted average daily attendance restricted for use in financing projects as identified in the District's facility plan. This is a major fund.

Building Fund - The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, as applicable. Funds may be used for projects identified in the District's facility plan.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Type

Food Service - The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of USDA commodities on the financial statements. This is a major fund.

Child Care - The Child Care Fund accounts for the funds generated at individual schools providing after school care for children.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Fiduciary Fund Type

The School Activity Funds are fiduciary funds used to account for student activity organizations in accordance with the Accounting Procedures for Kentucky School Activity Funds. Financial statements of groups and organizations associated with the school system but not originated within the District (e.g., Band Boosters, Parent-Teacher Associations, etc.) are not included within school activity funds.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds that are presented in the fund financial statements use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Exchange and Non-exchange transactions – There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, “available” means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the proprietary fund type considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventories

On the government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Budget

The District is required by state law to adopt a budget annually. The budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). Once the District approves the budget, it can be amended. Budget appropriations lapse at year-end.

Fund Balances

The School Board has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Nonspendable Fund Balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. At June 30, 2014, the District did not have a non-spendable fund balance.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the District had restricted \$3,908,350 in the Construction Fund for future projects. Also the District had \$269,467 restricted in the Building Fund and \$234,018 in the Capital Outlay Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had \$365,570 committed for sick leave payable at June 30, 2014.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrances of funds. Assigned fund balances also include (a) all remaining amounts (except for negative amounts balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for specific purposes.

Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. SAFEGUARDING CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2014, the carrying amount of the District's combined deposits (cash and cash equivalents) excluding school activity funds was \$10,981,411 and the combined bank balances totaled \$11,806,618. The bank balances were covered by the combination of FDIC insurance and collateral held by the District's agent in the District's name at June 30, 2014.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the county's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). All deposits meet current guidelines.

NOTE 2. SAFEGUARDING CASH AND CASH EQUIVALENTS (CONTINUED)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The investment pool and repurchase agreements are considered nonparticipating contracts. The District has a repurchase agreement whereby daily bank deposits sweep to an interest bearing overnight account. Such agreements can be categorized according to three levels of risk. These three levels of risk are:

Category 1 Investments that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Investments that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Uninsured and unregistered investments held by the counter party, its trust or its agent, but not in the District's name.

The District's investment in repurchase agreements is classified by risk level as Category 2.

NOTE 3. PROPERTY TAXES

Revenues and other governmental fund financial resource increments (i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become measurable and available to finance expenditures of the fiscal periods. Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, collection date is the period from October 1 through December 31. Collections from the period October 1 through October 31 receive a two percent discount. The due date is the period from November 1 through December 31 in which no discount is allowed. Property taxes received subsequent to January 1 are considered to be delinquent and subject to a lien filed by the County Attorney.

NOTE 4. RETIREMENT PLANS

Kentucky Teachers' Retirement System

Pension Plan

The Pulaski County School System contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of the KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601 or from the KTRS web site at <http://www.ktrs.ky.gov/>.

Funding policy - Contribution rates are established by KRS. Members are required to contribute 11.355% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members before July 1, 2008 and 14.105% of salaries for members after July, 1, 2008. The federal program for any salaries paid by that program pays the matching contributions of 14.605%.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide access to post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Funding policy - In order to fund the post-employment healthcare benefit, four and one half percent (4.5%) of gross annual payroll of members before July 1, 2008 is contributed. Two and one quarter percent (2.25%) is paid by member contributions and three quarters percents (.75%) from state appropriation and one and one half percent (1.50%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

The Pulaski County School System's total payroll for the year was \$42,926,890. The payroll for employees covered under KTRS was \$31,787,968. For the year ended June 30, 2014, the Commonwealth contributed \$3,744,174 to KTRS for the benefit of participating employees. The School districts contributions to KTRS for the year ending June 30, 2014 were \$506,488 which represents those employees covered by federal programs.

NOTE 4. RETIREMENT PLANS (CONTINUED)

County Employees Retirement System

The District has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The District's contribution rate for nonhazardous employees was 18.89 percent.

The District's contribution for FY 2012 was \$1,993,881, FY 2013 was \$1,983,794, and FY 2014 was \$1,923,886.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

NOTE 5. LIABILITY FOR COMPENSATED ABSENCES

Certified employees are awarded a maximum of 10 days of sick leave annually, based upon employment contract terms and District policy. Sick leave is accrued without limitation. Upon retirement from the school system, a certified employee receives from the District an amount equal to 30% of the value of accumulated sick leave at the current daily rate of pay. At June 30, 2014, the estimate for those employees over the age of 55 with 5 or more years of service is \$991,007, in which \$317,769 is short-term and \$673,238 is long term, both reported on the District-wide financial statements.

NOTE 6. CAPITAL ASSETS

Capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food services equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

NOTE 6. CAPITAL ASSETS (CONTINUED)

Governmental Assets	June 30, 2013	Additions	Retirements	June 30, 2014
Cost				
Land	\$ 3,345,670	\$ -	\$ -	\$ 3,345,670
Land Improvements	133,171	-	-	133,171
Buildings & Improvements	85,862,528	10,649,642	-	96,512,170
Technology Equipment	8,167,022	-	-	8,167,022
Other	1,127,085	70,109	-	1,197,194
Vehicles	10,473,950	976,850	(296,785)	11,154,015
Construction in Progress	8,621,150	-	-	8,621,150
Totals at historical cost	\$ 117,730,576	\$ 11,696,601	\$ (296,785)	\$ 129,130,392
Less: Accumulated Depreciation				
Land Improvements	\$ 14,427	\$ 6,658	\$ -	\$ 21,085
Buildings & Improvements	29,225,769	2,151,854	-	31,377,623
Technology Equipment	7,256,830	497,700	-	7,754,530
Other	959,225	34,797	-	994,022
Vehicles	6,438,162	728,322	(296,785)	6,869,699
Total accumulated depreciation	\$ 43,894,413	\$ 3,419,331	\$ (296,785)	\$ 47,016,959
NET	\$ 73,836,163	\$ 8,277,270	\$ -	\$ 82,113,433
Food Service				
Cost				
Technology Equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General Equipment	2,299,800	3,033	(13,000)	2,289,833
Totals at historical cost	2,383,187	3,033	(13,000)	2,373,220
Less: Accumulated Depreciation				
Technology Equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General Equipment	1,710,015	74,774	(13,000)	1,771,789
Total accumulated depreciation	\$ 1,793,402	\$ 74,774	\$ (13,000)	\$ 1,855,176
NET	\$ 589,785	\$ (71,741)	\$ -	\$ 518,044

NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pulaski County School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in accordance with state law.

The issue date, original amounts of the issue and interest rates are summarized below:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	2013			2014
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
Issue of 1993	490,000	8/1/2013	4.5-5%	\$ 35,000	\$ -	\$ 35,000	\$ -
Issue of 2003	2,240,000	8/1/2023	2-4.1%	130,000	-	130,000	-
Issue of 2004	2,370,000	5/1/2024	2-5%	155,000	-	155,000	-
Issue of 2004 R	1,365,000	9/1/2015	2-3.75%	490,000	-	155,000	335,000
Issue of 2006	4,540,000	4/1/2026	3.75-4.25%	4,395,000	-	200,000	4,195,000
Issue of 2006 R	940,000	7/1/2016	3.75-4.25%	400,000	-	95,000	305,000
Issue of 2007	3,125,000	6/1/2027	3.5-3.7%	2,405,000	-	135,000	2,270,000
Issue of 2009	24,435,000	2029	3.5-4.25%	24,265,000	-	360,000	23,905,000
Issue of 2009 BR	4,660,000	2018	2.0-3.0%	3,675,000	-	470,000	3,205,000
Issue of 2009 R	2,460,000	10/1/2020	2.00-3.25%	2,210,000	-	255,000	1,955,000
QZAB	1,524,865	5/30/2015	N/A	254,144	-	127,072	127,072
Issue 2010	9,340,000	5/1/2022	1.00-2.75%	8,830,000	-	560,000	8,270,000
Issue of 2011	9,295,000	3/1/2031	1.00-4.250%	8,925,000	-	255,000	8,670,000
Issue of 2012	3,185,000	1/1/2032	N/A	3,120,000	-	70,000	3,050,000
Issue of 2012RA	1,940,000	8/1/2023	.50-2.0%	1,940,000	-	25,000	1,915,000
Issue of 2012R	1,600,000	5/1/2024	N/A	1,565,000	-	25,000	1,540,000
Issue of 2014	5,950,000	5/1/2034	1.10-4.00%	-	5,950,000	-	5,950,000
				<u>\$ 62,794,144</u>	<u>\$ 5,950,000</u>	<u>\$ 3,052,072</u>	<u>\$ 65,692,072</u>

The District has entered into “participation agreements” with the School Facilities Commission. The Kentucky General Assembly created the Commission for the purposes of assisting local school districts in meeting school construction needs. The table on the following page sets forth the amount to be paid by the District and the Commission for each year until maturity of all bonds issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State’s biennial budget.

NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District including amount to be paid by the Commission, at June 30, 2014 for debt service, (principal and interest) are shown on as follows:

PULASKI COUNTY SCHOOLS SCHEDULE OF DEBT PAYMENTS AS OF JUNE 30, 2014					
YEAR	PULASKI COUNTY SCHOOL DISTRICT		SCHOOL FACILITIES CONSTRUCTION		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2015	2,667,970	2,105,551	419,102	169,791	5,362,414
2016	2,728,866	2,055,388	426,134	158,180	5,368,568
2017	2,791,037	1,985,020	418,963	145,653	5,340,673
2018	2,863,109	1,914,690	401,891	133,254	5,312,944
2019	2,939,989	1,839,545	380,011	120,973	5,280,518
2020	3,013,288	1,764,813	281,712	110,076	5,169,889
2021	3,103,068	1,678,317	291,932	99,856	5,173,173
2022	3,187,322	1,591,554	302,678	89,112	5,170,666
2023	3,286,164	1,494,906	313,836	77,952	5,172,858
2024	3,404,609	1,374,639	315,391	66,399	5,161,038
2025	3,525,650	1,252,352	294,350	54,618	5,126,970
2026	3,673,564	1,107,069	306,436	42,532	5,129,601
2027	3,825,899	952,785	319,101	29,867	5,127,652
2028	3,989,382	792,115	115,618	16,674	4,913,789
2029	4,154,747	624,361	120,253	12,040	4,911,401
2030	2,911,018	449,325	48,982	7,195	3,416,520
2031	3,029,195	332,252	50,805	5,373	3,417,625
2032	1,819,569	208,504	30,431	3,471	2,061,975
2033	1,893,504	145,569	31,496	2,406	2,072,975
2034	1,982,401	79,296	32,599	1,304	2,095,600
TOTAL	\$ 60,790,351	\$ 23,748,051	\$ 4,901,721	\$ 1,346,726	\$ 90,786,849

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NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

The issue date, original amounts of the issue and interest rates are summarized below:

<u>KISTA Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	2013			2014
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
2005	730,461	3/1/2015	3-3.625%	\$ 137,490	\$ -	\$ 67,593	\$ 69,897
2006	778,099	3/1/2016	3-3.4%	232,624	-	84,737	147,887
2006B	832,676	3/1/2017	3.5-3.875%	346,570	-	89,413	257,157
2008	860,032	3/1/2018	3.0-3.75%	433,965	-	86,868	347,097
2009	759,027	3/1/2019	2.0-3.90%	453,289	-	74,195	379,094
2009B	741,801	3/1/2020	2.0-3.60%	513,426	-	71,095	442,331
2011	837,429	3/1/2021	1.0-4.0%	654,576	-	78,978	575,598
2012	627,619	3/1/2022	2.-2.65%	559,358	-	70,673	488,685
2013	976,247	3/1/2023	2%	976,247	-	107,010	869,237
2014	789,192	3/1/2024	2.0-3.0%	-	789,192	-	789,192
TOTALS				\$ 4,307,545	\$ 789,192	\$ 730,562	\$ 4,366,175

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2014:

**PULASKI COUNTY SCHOOLS
SCHEDULE OF KISTA PAYMENTS
AS OF JUNE 30, 2014**

<u>YEAR</u>	PULASKI COUNTY SCHOOL DISTRICT		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2015	\$ 808,886	\$ 120,772	\$ 929,658
2016	725,137	98,062	823,199
2017	637,229	77,043	714,272
2018	553,727	58,744	612,471
2019	470,587	43,090	513,677
2020	392,057	30,027	422,084
2021	317,992	19,563	337,555
2022	227,298	11,258	238,556
2023	159,635	5,936	165,571
2024	73,627	2,209	75,836
TOTAL	\$ 4,366,175	\$ 466,704	\$ 4,832,879

NOTE 8. OPERATING FUND TRANSFERS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS	\$ 377,994
Operating	General	Debt Service	KISTA payment	854,182
Operating	Construction	General Fund	Fund Projects	292,763
Operating	Building	Debt Service	Bond payment	4,116,296
Operating	Capital Outlay	Debt Service	Bond payments	490,664
Operating	Food Service	General Fund	Indirect Cost	198,099
Total Transfers				<u><u>\$ 6,329,998</u></u>

NOTE 9. DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance/Net Position. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Food Service	(\$263,933)
--------------	-------------

NOTE 10. RISK MANAGEMENT

Liability Insurance Coverage

The District is exposed to various risks related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District has commercial insurance through Ohio Casualty. The District pays an annual premium for coverage.

Health Care Coverage

Full-time employees of the District are covered by the State administered medical insurance plan. The State contributes a variable amount to each employee's account based upon the employees' plan choice. Medical insurance coverage paid by the State on behalf of District employees has been recorded as a revenue and expenditure in the General Fund. Under COBRA, employers are mandated to notify Ceridian Benefits Services of terminated employees. Ceridian Benefit Services then notifies terminated employees of available continuing insurance coverage. Failure to notify Ceridian Benefits Services of this requirement can put the District at risk of paying the premiums.

Worker's Compensation

The District participates with Kentucky Employers' Mutual Insurance. Contributions to the Worker's Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

Unemployment Insurance

The District obtains unemployment insurance coverage through the Kentucky Board of Education's Insurance Trust Unemployment Compensation Fund; however, the risk has not been transferred to such fund.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The Board of Education is the defendant in a number of lawsuits arising principally in the normal course of operations. The Board is covered by insurance against this type of liability. At this time, the administration is unable to make an evaluation regarding the likelihood of an unfavorable outcome or any possible financial implication to the Board of Education.

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements.

NOTE 12. BUDGETARY DISCLOSURE REQUIREMENTS

Budgetary comparisons for the General Fund and Special Revenue Fund are disclosed as required supplementary information. "On behalf" contributions made by the Commonwealth of Kentucky were recorded in the District's records as revenues and expenditures. The purpose of the policy change was to conform to requirements of the GASB 34 reporting model. The District's budget appropriations did not reflect this change in policy.

NOTE 13. ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2014 was \$12,792,049. These payments were recorded in the General Fund.

General Fund	\$ 11,971,334
Debt Service	593,056
Food Service	176,244
Child Care	<u>51,415</u>
Total	<u>\$ 12,792,049</u>

PULASKI COUNTY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
REVENUES					
From local sources					
Taxes					
		\$			
Property taxes	\$ 10,130,499	10,130,499	\$ 10,236,424	\$ 105,925	1.05%
Motor vehicle taxes	1,600,000	1,600,000	1,782,753	182,753	11.42%
Utility taxes	3,000,000	3,000,000	3,313,558	313,558	10.45%
Other taxes			236,642	236,642	#DIV/0!
Earnings on investments	20,000	20,000	29,018	9,018	45.09%
Other local revenues	169,330	169,330	624,140	454,810	268.59%
State Sources					
SEEK	29,671,039	29,671,039	29,590,972	(80,067)	-0.27%
On Behalf	-	-	11,971,334	11,971,334	100.00%
Other	46,000	46,000	50,107	4,107	8.93%
Other	15,000	15,000	95,580	80,580	537.20%
Inter-fund transfers	120,000	120,000	490,862	370,862	309.05%
Beginning Balance	3,929,286	3,929,286	3,996,371	67,085	1.71%
Less On-Behalf Payments			(11,971,334)	(11,971,334)	
TOTAL REVENUES	48,701,154	48,701,154	50,446,427	1,745,273	3.58%
EXPENDITURES					
Instructional	24,847,612	24,743,461	33,341,519	(8,598,058)	-34.75%
Student services					
Student	3,535,252	3,542,501	3,389,516	152,985	4.32%
Instructional staff	2,116,694	2,171,565	4,666,178	(2,494,613)	-114.88%
District administrative	1,364,468	1,364,468	1,082,883	281,585	20.64%
School administrative	2,329,116	2,371,146	2,705,331	(334,185)	-14.09%
Business	454,365	454,365	678,892	(224,527)	-49.42%
Plant operation and maintenance	4,754,936	4,754,936	5,654,520	(899,584)	-18.92%
Student transportation	3,704,431	3,704,431	3,841,399	(136,968)	-3.70%
Community Services	-	-	3,886	(3,886)	100.00%
Inter-fund transfers	1,119,858	1,119,858	1,232,176	(112,318)	-10.03%
Contingency	4,474,422	4,474,422	-	4,474,422	100.00%
Less On-Behalf Payments			(11,971,334)	11,971,334	
TOTAL EXPENDITURES	48,701,154	48,701,153	44,624,966	4,076,187	8.37%
Excess (Deficit) of Revenues Over Expenditures	\$ -	\$ 1	\$ 5,821,461	\$ 5,821,460	11.95%

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

PULASKI COUNTY SCHOOL DISTRICT
SPECIAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
REVENUES					
From local sources					
Other local revenues	\$ -	\$ -	\$ 14,462	\$ 14,462	100.00%
Intergovernmental - state	2,617,847	2,957,957	3,467,559	509,602	17.23%
Intergovernmental - Federal	5,248,178	5,363,854	6,810,786	1,446,932	26.98%
Inter-fund transfers	200,000	200,000	377,994	177,994	89.00%
TOTAL REVENUES	8,066,025	8,521,811	10,670,801	2,148,990	25.22%
EXPENDITURES					
Instructional	\$ 4,676,662	\$ 4,797,289	\$ 8,544,831	\$ (3,747,542)	-78.12%
Student services:					
Student	-	-	25,684	(25,684)	100.00%
Instructional staff	2,754,213	2,755,010	862,533	1,892,477	68.69%
School administrative		-	83,726	(83,726)	100.00%
Business		-	33,241	(33,241)	100.00%
Student transportation		-	54,379	(54,379)	100.00%
Community services	635,150	969,512	1,066,351	(96,839)	-9.99%
Other		-	56	(56)	100.00%
TOTAL EXPENDITURES	8,066,025	8,521,811	10,670,801	(2,148,990)	-25.22%
Excess (Deficit) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	0.00%

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

PULASKI COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2014

	<u>Building Fund</u>	<u>Capital Outlay Fund</u>	<u>District Activity</u>	<u>School Based Board Allocations</u>	<u>Total Non- Major Funds</u>
ASSETS					
Cash and cash equivalents	\$ (221,977)	\$ 234,018	\$ 206,030	\$ 41,949	\$ 260,020
Prepaid	491,444	-	-	-	491,444
Total assets	<u><u>\$ 269,467</u></u>	<u><u>\$ 234,018</u></u>	<u><u>\$ 206,030</u></u>	<u><u>\$ 41,949</u></u>	<u><u>\$ 751,464</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	-	-	-	6,042	6,042
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,042</u>	<u>6,042</u>
Fund Balances					
Restricted:					
Other	269,467	234,018	-	-	503,485
Unassigned:	-	-	206,030	35,907	241,937
Total fund balances	<u>269,467</u>	<u>234,018</u>	<u>206,030</u>	<u>35,907</u>	<u>745,422</u>
Total liabilities and fund balances	<u><u>\$ 269,467</u></u>	<u><u>\$ 234,018</u></u>	<u><u>\$ 206,030</u></u>	<u><u>\$ 41,949</u></u>	<u><u>\$ 751,464</u></u>

PULASKI COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	Building Fund	Capital Outlay Fund	District Activity	Debt Service Fund	School Based Board Allocations	Total Non- major Govt. Funds
Revenues						
From local sources						
Property taxes	\$ 3,157,892	\$ -	\$ -	\$ -	\$ -	\$ 3,157,892
Other local revenues	22,378	-	220,878	-	-	243,256
State sources						
SEEK	1,048,026	724,682	-	-	-	1,772,708
On Behalf	-	-	-	593,056	-	593,056
Total revenues	<u>4,228,296</u>	<u>724,682</u>	<u>220,878</u>	<u>593,056</u>	<u>-</u>	<u>5,766,912</u>
Expenditures						
Instruction	-	-	9,078	-	-	9,078
Support services						
Instructional Staff	-	-	1,027	-	-	1,027
Plant operation and maintenance	-	-	3,887	-	-	3,887
Student Transportation	-	-	856	-	-	856
Debt service	-	-	-	6,054,198	-	6,054,198
Total expenditures	<u>-</u>	<u>-</u>	<u>14,848</u>	<u>6,054,198</u>	<u>-</u>	<u>6,069,046</u>
Excess (deficit) of revenues over expenditures	<u>4,228,296</u>	<u>724,682</u>	<u>206,030</u>	<u>(5,461,142)</u>	<u>-</u>	<u>(302,134)</u>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	5,461,142	-	5,461,142
Operating transfers out	(4,116,296)	(490,664)	-	-	-	(4,606,960)
Total other financing sources (uses)	<u>(4,116,296)</u>	<u>(490,664)</u>	<u>-</u>	<u>5,461,142</u>	<u>-</u>	<u>854,182</u>
Net change in fund balances	112,000	234,018	206,030	-	-	552,048
Fund balance, July 1, 2013	<u>157,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,907</u>	<u>193,374</u>
Fund balance, June 30, 2014	<u>\$ 269,467</u>	<u>\$ 234,018</u>	<u>\$ 206,030</u>	<u>\$ -</u>	<u>\$ 35,907</u>	<u>\$ 745,422</u>

PULASKI COUNTY SCHOOL DISTRICT
PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For The Year Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
Agri Mechanics	\$ 860	\$ 1,885	\$ (2,669)	\$ -	\$ 76
Ag- Production	474	2,184	(2,984)	326	-
Art	245	45	(68)	36	258
Athletics	55,605	116,054	(85,037)	(53,054)	33,568
Band	5,186	8,913	(14,127)	50	22
Pulaski Central Tran	3,473	1,100	(3,330)	(1,160)	83
Consumer/Family/Food	745	2,583	(1,612)	51	1,767
The People's Fund	83	500	(492)	-	91
Math	278	-	-	-	278
Extra Athletic	254	-	(6,841)	8,000	1,413
ROTC	1,558	18,704	(20,345)	1,510	1,427
Science	1,561	4,670	(2,451)	(74)	3,706
Social Studies	144	-	-	-	144
Spanish	500	-	-	(500)	-
Special Ed	1,066	215	(484)	(257)	540
Supply Store	13,022	59,877	(44,680)	(25,219)	3,000
Technology Ed	7	-	-	-	7
Choir	3,129	7,130	(7,593)	20	2,686
Art Club	16	-	-	(16)	-
Fishing Club	150	5,108	(3,398)	-	1,860
Adv Placement Program	7,026	14,098	(11,656)	(932)	8,536
Faculty Vending	60	362	(1,514)	1,092	-
General	3,189	29,505	(46,688)	20,020	6,026
Guidance	60	2	-	-	62
Library	869	2,341	(2,240)	(3)	967
Parking	624	6,122	(5,881)	(194)	671
Student Vending	1,138	4,337	(4,572)	(384)	519
Youth Service Center	85	-	-	-	85
Academic Reward	128	-	(85)	-	43
School Function Expense	712	26	(665)	(73)	-
Engineering Club	114	39	(180)	27	-
FYSC- United Way	1,798	1,525	(1,922)	1,867	3,268
Art Club	-	20	-	(20)	-
Cheerleaders	5,815	25,129	(33,020)	2,126	50
Dance Team	51	1,120	(820)	-	351
DECA	3,836	46,343	(46,259)	(45)	3,875
Environmental Club	678	255	(163)	-	770
FBLA	1,502	34,256	(35,010)	405	1,153
FCA	1,730	230	(355)	-	1,605
FFA	-	28,673	(32,567)	6,510	2,616
FCCLA	2,638	477	(830)	-	2,285
NHS	761	1,408	(1,619)	-	550

PULASKI COUNTY SCHOOL DISTRICT
PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For The Year Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
Pep Club	412	151	(292)	(271)	-
United/S.A.D.D.	10	-	-	-	10
Science Club	23	-	-	-	23
Spanish Club	10	-	(106)	96	-
Speech/ Drama	2,081	1,221	(1,767)	-	1,535
STLP	20	-	-	-	20
Student Council	633	370	(655)	-	348
Tags	5,411	6,493	(9,542)	1,028	3,390
Sports Officials	3,771	-	(24,614)	22,583	1,740
Philosophy club	35	-	-	-	35
FEA	-	283	(640)	357	-
Prom	10,589	7,443	(8,225)	-	9,807
12th Region Basketball	25	-	-	-	25
Chess Club	675	160	(344)	-	491
RPG Club	218	75	(56)	-	237
Student YMCA	64	6,678	(7,144)	402	-
Teens Who Care	-	3,000	-	-	3,000
Cancer Awareness FU	-	32	-	-	32
Boys Basketball Booster	11,122	157	(11,153)	(126)	-
Softball Booster	4,163	11,121	(12,917)	(613)	1,754
Girls Soccer Booster	5,973	6,758	(7,184)	-	5,547
Girls Basketball Booster	5,429	8,369	(13,354)	10	454
Boys Soccer Booster	1,897	4,001	(3,581)	-	2,317
Football Booster	7,279	6,548	(13,361)	50	516
Baseball Booster	5,609	200	(5,196)	(610)	3
Cross Country Booster	1,949	4,878	(7,596)	840	71
Volleyball Booster	8,022	16,471	(13,959)	(53)	10,481
Girls Soccer District	200	2,003	(1,705)	(498)	-
Track Booster	1,607	6,001	(7,608)	-	-
Fundraiser Account	-	424	(424)	-	-
Girls Golf Boosters	9,047	767	(4,791)	3,132	8,155
Archery State Tournament	-	4,931	(4,931)	2,000	2,000
Project Graduation	1,066	7,021	(7,525)	-	562
Fundraiser Account	267	-	-	(267)	-
AP Government	43	-	-	-	43
Feud For Food	1,233	1,762	(744)	-	2,251
Tennis	920	3,815	(3,576)	-	1,159
Kool Kraz	-	600	(210)	215	605
Region 12 Tourney	-	37,377	(31,101)	(500)	5,776
Freshman Center	1,131	60	(1,159)	-	32
Yearbook	7,404	8,236	(10,299)	144	5,485
Archery Booster	2,023	6,154	(5,690)	-	2,487

PULASKI COUNTY SCHOOL DISTRICT
PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For The Year Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
YSC Attendance Grant	3	-	-	-	3
Hospitality	-	3,725	(1,670)	(2,055)	-
Senior Fun Day	50	-	-	-	50
Maroon Financial	319	-	(250)	-	69
Student Performance	53	-	-	-	53
Quilting club	131	-	-	(131)	-
Revue Newspaper	163	-	-	(163)	-
Book club	22	95	(120)	3	-
JROTC Nationals Acc	321	1,175	(1,496)	-	-
Lady Maroon Invitational	900	3,780	(2,073)	(2,607)	-
Band Scholarship	500	-	(500)	-	-
AP Spanish Fund	2	-	-	(2)	-
Science Lab	1,794	140	(579)	-	1,355
Swim Team	8	1,445	(1,038)	-	415
Lady Maroon Invitational	488	969	(430)	-	1,027
PCI-Girls Golf Aug 20	-	1,160	-	-	1,160
Postage Due Account	304	175	-	131	610
Band Uniform Account	1,206	-	(1,200)	-	6
Alloc Baseball	1,400	-	(1,400)	-	-
Alloc Boys Basketball	466	-	(2,100)	1,634	-
Alloc Girls Basketball	127	-	(1,939)	1,973	161
Alloc Cross Country	-	185	(1,114)	1,000	71
Alloc Football	-	-	-	7,000	7,000
Alloc Boys Golf	-	-	(600)	600	-
Alloc Girls Golf	-	-	-	600	600
Alloc Boys Soccer	88	-	(793)	912	207
Alloc Girls Soccer	699	-	(778)	301	222
Alloc Softball	1,400	-	(1,400)	-	-
Alloc Tennis	-	-	(239)	600	361
Alloc Boys Track	-	-	(495)	500	5
Alloc Girls Track	-	-	(500)	500	-
Alloc Volleyball	375	-	(930)	695	140
Alloc Dance	-	-	(135)	300	165
Alloc Cheerleaders	300	-	-	(300)	-
Alloc Swim Team	-	-	(182)	200	18
PCI Invitational/CC	2,124	-	-	-	2,124
Saddle Up Club	76	1,473	(1,265)	-	284
Jolly Roger Account	44	-	-	(44)	-
Academic Team FundR	197	-	-	-	197
Beta Club	716	365	(45)	10	1,046
PBIS	105	-	-	(105)	-
Spanish Honor Soc	144	1,368	(2,105)	694	101

PULASKI COUNTY SCHOOL DISTRICT
PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For The Year Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
Children Heart Foundation	-	10	-	(10)	-
PBIS	1,888	1,414	(1,596)	(345)	1,361
Link Crew Club	-	467	(400)	-	67
Rocket Club	-	391	(266)	-	125
AP Coordinator	-	250	(236)	-	14
Lowe's Education	-	4,500	(362)	(27)	4,111
AP Biology	-	906	(1,014)	108	-
Totals	<u>\$ 237,944</u>	<u>\$ 612,789</u>	<u>\$ (672,856)</u>	<u>\$ -</u>	<u>\$ 177,877</u>

PULASKI COUNTY SCHOOL DISTRICT
SOUTHWESTERN HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

For the Period Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
Senior Project Graduation	\$ 7,763	\$ 5,595	\$ (12,333)	\$ -	\$ 1,025
APP	4,127	20,727	(25,354)	500	-
Guidance	173	162	(335)	-	-
Art	1,654	760	(1,469)	24	969
ASL	175	-	-	-	175
PBIS	865	890	(1,615)	(140)	-
Band	989	5,450	(5,785)	200	854
Alternative Education	4,556	-	(4,556)	-	-
Nature Center	5,370	-	(4,370)	(1,000)	-
Chorus	40	-	-	-	40
HYEC	1,544	-	(1,279)	-	265
DECA	849	14,766	(18,287)	6,508	3,836
FBLA	1,101	5,972	(5,015)	(1,842)	216
FCA	257	80	(287)	-	50
FFA	7,912	26,061	(28,575)	-	5,398
FCCLA	5,604	1,057	(1,915)	-	4,746
Link Crew	-	120	(85)	-	35
Foreign Language	12	-	-	-	12
AP Rebate	-	500	-	(500)	-
General	648	912	(1,560)	-	-
FACS	4,636	2,658	(4,205)	757	3,846
Interest	3,227	1,044	(4,207)	-	64
Key Club	190	-	(190)	-	-
Youth Service Center	1,492	1,448	(920)	2	2,022
History Bowl	-	700	(680)	-	20
NHS	1,730	2,626	(1,636)	-	2,720
Parking Permit	2,735	4,774	(7,509)	-	-
Academic Team	880	727	(1,349)	-	258
ROTC	9,093	13,570	(15,829)	(379)	6,455
Restitution Account	2,420	140	(2,560)	-	-
Spanish Club	392	-	-	-	392
Student Government	644	1,445	(1,414)	-	675
Tech/Slip	3,481	4,166	(1,942)	(2,982)	2,723
Math Dept	27	100	(127)	-	-
Trading Post	23,679	62,984	(73,258)	(4,888)	8,517
Vending	558	477	(826)	-	209
Yearbook	9,159	21,323	(27,265)	40	3,257
Conservation Club	4,652	870	(4,487)	50	1,085
Peru Trip	178	23,087	(24,262)	1,000	3
Lost & Damaged Books	2,733	380	(3,113)	-	-
Unite Club	42	-	-	-	42
Biology Trip	64	2,060	(2,000)	-	124
Academic Boosters	2,012	,024	(2,594)	(442)	-
Debate Team	75	-	-	-	75
Music Theater	361	360	-	-	721

PULASKI COUNTY SCHOOL DISTRICT
SOUTHWESTERN HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

For the Period Ending June 30, 2014

	Fund Balance June 30, 2013	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2014
Senior Project Graduation	7,763	5,595	(12,333)	-	1,025
AP English Trip	-	676	(676)	-	-
Science Dept	402	-	-	-	402
Prom	19,524	8,015	(27,539)	-	-
Agriculture	998	-	-	-	998
Tri-M	553	-	-	-	553
Library	661	384	(1,045)	-	-
Vending II	1,058	1,162	(2,200)	-	20
School Pictures	3,730	-	(3,730)	-	-
Athletic General	3,031	93,263	(85,315)	(2,740)	8,239
Girls Basketball	940	12,294	(9,705)	-	3,529
Boys Basketball	854	1,320	(1,948)	-	226
Girls Soccer	476	7,073	(3,892)	-	3,657
Boys Soccer	445	1,900	(1,645)	-	700
Girls Golf	1,302	500	(1,404)	-	398
Boys Golf	175	729	(154)	-	750
Girls Volleyball	240	4,043	(4,086)	334	531
Softball	1,012	250	(970)	-	292
Baseball	2,004	4,622	(5,558)	-	1,068
Track	532	1,345	(1,966)	200	111
Cross Country	1,585	1,167	(2,130)	-	622
Swim	64	1,386	(1,223)	200	427
Tennis	1,722	2,045	(2,020)	-	1,747
Cheerleaders	7,590	34,027	(38,362)	2,000	5,255
Dance	2,405	8,937	(9,919)	-	1,423
Football	5,045	30,590	(21,949)	2,900	16,586
YSC Grant	2	-	-	(2)	-
Sports Uniforms	14,808	12,135	(25,087)	-	1,856
Health/PE	4	-	-	-	4
Archery	112	1,248	(1,088)	-	272
Fishing	-	2,550	(2,176)	1,408	1,782
Warrior Nation	800	-	-	-	800
Pep Club	345	-	-	-	345
Pick the Right Choice	1,408	-	-	(1,408)	-
Robotics	1,430	7,296	(7,349)	200	1,577
Transportation	163	-	(163)	-	-
Biomedical Class	-	189	(189)	-	-
Travel Reimbursement	2,724	-	(2,724)	-	-
Totals	\$ 196,243	\$ 468,161	\$ (559,405)	\$ -	\$ 104,999

PULASKI COUNTY SCHOOL DISTRICT
ELEMENTARY AND MIDDLE SCHOOLS ACTIVITY FUNDS
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For the year ended June 30, 2014

Schools	Fund Balance June 30, 2013	Receipts	Disburse- ments	Fund Balance June 30, 2014
Elementary				
Burnside	\$ 12,623	\$ 42,831	\$ (54,203)	\$ 1,251
Eubank	20,152	32,807	(33,189)	19,770
Memorial Center	22,034	22,739	(44,762)	11
Nancy	58,986	49,539	(57,097)	51,428
Northern	26,423	33,683	(57,336)	2,770
Oak Hill	30,118	40,694	(67,611)	3,201
Pulaski	46,795	93,334	(134,940)	5,189
Shopville	41,315	72,956	(91,956)	22,315
Southern	81,415	78,930	(145,984)	14,361
Middle				
Northern	72,995	255,620	(270,785)	57,830
Southern	160,763	205,331	(331,955)	34,139
Trust & Agency Funds				
Pulaski County ABE Act	4,345	-	(1,378)	2,967
PCPS Day Treatment Act	125	-	-	125
Total	\$ 578,089	\$ 928,464	\$ (1,291,196)	\$ 215,357

PULASKI COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

<u>Program Title</u>	<u>MUNIS Number</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>	<u>Total By CFDA #</u>	
U.S. DEPARTMENT OF AGRICULTURE		<u>Cluster</u>			
<i>Passed Through Kentucky Department of Education:</i>					
<u>Child Nutrition Cluster</u>					
School Breakfast Program	203x	10.553	1,045,046		
National School Lunch Program	205x	10.555	2,633,580		
Summer Food Service Program for Children	209x	10.559	197,150	\$ 3,875,776	**
Child and Adult Care Food Program		10.558	384,268	384,268	
<i>Passed Through Kentucky Department of Agriculture:</i>			.		
<u>Food Distribution Cluster</u>					
Commodity Supplemental Food Program	201x	10.565	306,271	306,271	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>4,566,315</u>	
U. S. DEPARTMENT OF EDUCATION					
<i>Passed Through Kentucky Department of Education:</i>					
Adult Education - Recruitment Federal	3654	84.002	8,369		
Adult Education - KYAE	3733	84.002	10,205		
Adult Education - KYAE	3734	84.002	224,559		
Adult Education - Professional Development	3733S	84.002	56	243,189	
<u>Title I, Part A Cluster</u>					
Title I: Part A - Improving Basic Programs	3103	84.010	324,181		
Title I - Professional Development - District Improvement	3103D	84.010	65,422		
Title I: Part A - Improving Basic Programs	3104	84.010	1,671,326		
Title I - Professional Development - District Improvement	3104D	84.010	552,453		
Title I - Parent Involvement	3104M	84.010	46,693		
Title I - Neglected and Delinquent Children in LEA Institutions	3143	84.010	42,817		
Title I - Neglected and Delinquent Children in LEA Institutions	3144	84.010	42,662		
Title I - School Improvement Funds	3204	84.010	147,447	2,893,001	**
Title I - Migrant Education	3113	84.011	111,625		
Title I - Migrant Education	3114	84.011	131,776	243,401	
<u>Special Education Cluster</u>					
IDEA B - Flow Thru to LEAs	3374	84.027	1,513,657		
IDEA B - Private Schools	3372P	84.027	26,824		
IDEA B - Private Schools	3373P	84.027	16,394		
IDEA B - Preschool	3434	84.173	52,158	1,609,033	**
Carl Perkins, Title I: Part C - Carry Forward	3483A	84.048	4,885		
Carl Perkins, Title I: Part C - Vocational	3484	84.048	99,025	103,910	
Perkins Reserve Fund Grant	3633	84.243	262	262	
21st Century Community Learning Centers	5500Q	84.287	58		
21st Century Community Learning Centers - LEA	5500Z	84.287	500		
21st Century Community Learning Centers	5502	84.287	21,247		
21st Century Community Learning Centers	5503	84.287	60,837		
21st Century Community Learning Centers - Summer Funds	5503S	84.287	5,000		

See accompanying notes to Schedule of Expenditures of Federal Awards

PULASKI COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

<u>Program Title</u>	<u>MUNIS Number</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>	<u>Total By CFDA #</u>	
U.S. DEPARTMENT OF EDUCATION (CONTINUED)		<u>Cluster</u>			
21st Century Community Learning Centers - Summer Funds	5503U	84.287	15,000		
21st Century Community Learning Centers - LEA	5503Z	84.287	28,355		
21st Century Community Learning Centers - Supplemental	5502J	84.287	1,000	131,997	**
Title VI: Part B, Subpart 2 - Rural & Low Income Schools	3504	84.358	145,190	145,190	
Title III: Limited English Proficiency	3453	84.365	12,055	12,055	
Title II: Part A - High Quality Teachers & Principals	4013	84.367	50,789		
Title II: Part A - High Quality Teachers & Principals	4014	84.367	437,516	488,305	**
Race To The Top	4521	84.413	22,187	22,187	
<i>Passed through Berea College</i>					
GEAR-UP	3793G	84.334	14,191		
GEAR-UP	3794G	84.334	418,880		
GEAR-UP - BAS	3794B	84.334	154,012		
GEAR-UP - CAP	3794C	84.334	38,665		
GEAR-UP - LEA	3794L	84.334	7,339		
GEAR-UP - PD	3794P	84.334	44,155		
GEAR-UP - CFES	3793X	84.334	1,409	678,651	**
<i>Passed through KY Department of Juvenile Justice</i>					
Title I - Neglected and Delinquent Children	3131	84.013	2,009		
Title I - Neglected and Delinquent Children - Transition Funds	3131T	84.013	489		
Title I - Neglected and Delinquent Children - Transition Funds	3132T	84.013	69		
Title I - Neglected and Delinquent Children	3133	84.013	4,872		
Title I - Neglected and Delinquent Children - Transition Funds	3133T	84.013	253		
Title I - Neglected and Delinquent Children	3134	84.013	11,454		
Title I - Neglected and Delinquent Children - Transition Funds	3134T	84.013	2,526	21,672	
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>6,592,853</u>	
U. S. DEPARTMENT OF DEFENSE					
<i>Passed through KY Dept of Military Affairs</i>					
ROTC - GF Portion	5044	12.000	80,445	80,445	
APPALACHIAN REGIONAL COMMISSION					
<i>Passed through Morehead State University</i>					
Appalachian Higher Education Network (KY AHED)	6881	23.011	1,578	1,578	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Kentucky Department of Education:</i>					
Drug Free Communities	5003A	93.276	51,541		
Drug Free Communities	5004A	93.276	52,316	103,857	
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 11,345,048</u>	

Tested as Major Program or Cluster **

See accompanying notes to Schedule of Expenditures of Federal Awards

PULASKI COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2014

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal activity of the Pulaski County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B. FOOD DISTRIBUTION PROGRAM

Non-monetary assistance is reported in the Schedule at the fair value of the commodities received. For the 2014 NSLP fiscal year ending September 30, 2014, Pulaski Co Public Schools was awarded \$315,087 in commodities. Through June 30, 2014, \$306,271 has been received with \$276,271 passed through the U.S. Department of Agriculture and \$30,000 passed through the U.S. Department of Defense.

PULASKI COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014

1. SUMMARY OF AUDITOR'S FINDINGS

Financial Statements:

Type of auditor's report issued:	unmodified
Internal control over financial reporting	Yes No
• Material weaknesses identified?	X
• Significant deficiencies identified that are not considered to be material weaknesses?	X None reported
• Noncompliance material to financial statements noted?	X

Federal Awards:

Internal control over major programs	Yes No
• Material weakness identified?	X
• Significant deficiencies identified that are not considered to be material weaknesses?	X None reported

Type of auditor's report issued on compliance for major programs:	unmodified
	Yes No
• Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	X

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Cluster
84.027, 84.173	Special Education Cluster
84.334	GEAR-UP
84.287	21 st Century Community Learning Centers
84.367	Title II- High Quality Teachers & Principals

- Dollar threshold used to distinguish between type A and type B programs \$340,000
- Auditee qualified as low-risk auditee? Yes X No

2. FINANCIAL STATEMENT FINDINGS

Current Year: None reported

Prior Year:

2013-01: Lack of Food Service Income Reconciliation

2013-02 Cash Used for Child Care Invoices

3. FEDERAL AWARDS FINDINGS & QUESTIONED COSTS

Current Year: None reported

Prior Year: None reported

PULASKI COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2014

Prior Year:

2013-01: Lack of Food Service Income Reconciliation

Statement of Condition: Food Service receipts found were not accurately classified to their correct income accounts.

Criteria for Condition: Transactions are to be recorded accurately.

Cause of the Condition: Receipts in four months were not accurately classified to their correct income accounts.

Effect of the Condition: Although total Food Service receipts were accurate in total, the miscoding overstated and understated the correct amounts in various individual income accounts.

*Recommendation for
Correction:*

We recommend that the current monthly reconciliation of Food Service receipts by total be expanded to also reconcile by source such as student, State, and Federal. Such expanded reconciliation can be easily implemented and add an additional control feature to promote accuracy in the recording of transactions.

Management Response: Checks and balances within the finance office have already been put in place to review the monthly receipts by a second party to verify that all the receipts are accurately coded.

Status: During testing, auditors observed food service income reconciliation. Improved procedures corrected this prior year comment.

2013-02 Cash Used for Child Care Invoices

Statement of Condition: Child Care invoices were discovered where cash was paid for the purchase.

Criteria for Condition: The use of pre-numbered checks is required by the District for all disbursements.

Cause of the Condition: Cash was used for the purchase of supplies.

Effect of the Condition: Disbursements were understated at the District level. The purchase bypassed the PO system and did not receive proper prior approval.

*Recommendation for
Correction:*

Cash should not be used when making purchases. All disbursements must have a pre-numbered check issued for payment.

Management Response: The districts Finance Officer addressed the issue with the Childcare Director when the district was made aware of the use of cash. The Director was informed that it was not acceptable and should never happen again.

Status: During testing, auditors observed child care invoice at school levels. Improved procedures corrected this prior year comment.

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Pulaski County School District
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<p>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</p>
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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pulaski County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Pulaski County School District's basic financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Pulaski County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pulaski County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pulaski County School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pulaski County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the Independent Auditor's Contract.

We noted certain matters that we reported to management of Pulaski County School District in a separate letter dated November 14, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ross and Company", written in a cursive style.

Ross and Company, PLLC
November 14, 2014

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Members of the Board
Pulaski County School District
Somerset, Kentucky

<p>INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>OMB CIRCULAR A-133</i></p>
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Report on Compliance for Each Major Federal Program

We have audited Pulaski County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Pulaski County School District's major federal programs for the year ended June 30, 2014. Pulaski County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pulaski County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract.. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pulaski County School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pulaski County School District' compliance.

Opinion on Each Major Federal Program

In our opinion, Pulaski County School District complied, in all material respects, with the types compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2014.

INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Report Internal Control over Compliance

Management of Pulaski County School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pulaski County School District's internal control over compliance with the types requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pulaski County School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Ross & Company, PLLC
November 14, 2014

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Somerset, Kentucky

RECOMMENDATIONS AND COMMENTS TO MANAGEMENT

In planning and performing our audit, we considered Pulaski County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pulaski County School District's internal control over financial reporting.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 14, 2014. This letter does not affect our report dated November 14, 2014, on the financial statements of the Pulaski County School District. The conditions observed are as follows:

Current Year Findings –

2014-01: Student Activity Funds Used to Purchase State Football Tickets for Staff & Parents

Statement of Condition: State football tickets were purchased for resale however approximately 180 tickets were given away to District staff and parents of players.

Criteria for Condition: Any purchase that benefits the adult sponsors or district personnel and not the student organization is disallowed per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: State football tickets were sold to the student body, however receipts of approximately 180 tickets were unaccounted for. When questioned about the tickets, auditors were informed those tickets were given away to district employees and football player parents.

Effect of the Condition: School Activity funds were expensed for tickets that were not a direct benefit to the students.

Recommendation for

Correction: All school activity fund expenditures should have a direct benefit to students.

Management Response: Management has discussed the issue with the appropriate school personnel and determined that it will not occur again in the future.

PULASKI COUNTY SCHOOL DISTRICT
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT
JUNE 30, 2014
(Continued)

2014-02: Handling Cash, (Redbook)

Statement of Condition: Money/checks were held for a period of time before being submitted to the school treasurer.

Criteria for Condition: All money collected by a teacher/sponsor shall be given to the school treasurer on the day of collection per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: Teachers/sponsors held checks until the fundraiser was over before submitting to the treasurer.

Effect of the Condition: Money is not deposited in a timely manner.

Recommendation for

Correction: Request all teachers/sponsor deliver all money to school treasurer on date of collection.

Management Response: All bookkeepers and key school personnel have completed RedBook Training Updates to refresh staff on State accounting guidelines. Specific issues will be addressed with individual schools.

2014-03: Use of Purchase Orders, (Redbook)

Statement of Condition: Purchase orders were not approved before every purchase.

Criteria for Condition: A Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: Purchase orders were not utilized for every purchase.

Effect of the Condition: Purchases being made without proper prior approval.

Recommendation for

Correction: A purchase order shall be prepared and approved before all purchases.

Management Response: All bookkeepers and key school personnel have completed RedBook Training Updates to refresh staff on State accounting guidelines. Specific issues will be addressed with individual schools.

PULASKI COUNTY SCHOOL DISTRICT
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT
JUNE 30, 2014
(Continued)

2014-04: Child Care Expense Paid Out of Activity Funds (Redbook)

Statement of Condition: Child Care program license was paid for out of activity funds.

Criteria for Condition: All Child Care expenditures should be paid out of Fund 52 at the District level.

Cause of the Condition: Student activity funds were used for the expenditures instead of District Funds.

Effect of the Condition: Disallowed expenditures were paid for out of student activity funds.

Recommendation for

Correction: Any Child Care expenditures should be submitted to the District for proper payment.

Management Response: Management discussed issue with the child care in question and made plans for all child care expenses to be paid from Fund 52.

2014-05: School Store Collections

Statement of Condition: School store collected money over the span of a week before being remitted to Treasurer.

Criteria for Condition: All money collected by a teacher or sponsor shall be given to the school treasurer on the day collected or, if the money is collected after school business hours for evening or weekend events, on the next business day per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: School store sales were collected over a span of time and not remitted to the treasurer on date of collection.

Effect of the Condition: Money was not remitted timely to treasurer.

Recommendation for

Correction: The Concession form must be completed for each event and each time money is collected from the activity. There shall be two different individuals involved: one individual to collect and count the monies from sales and a separate individual to complete the Inventory Control Worksheet (F-SA-5).

Management Response: All bookkeepers and key school personnel have completed RedBook Training Updates to refresh staff on State accounting guidelines. Specific issues will be addressed with individual schools.

PULASKI COUNTY SCHOOL DISTRICT
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT
JUNE 30, 2014
(Continued)

2014-06: Sales Tax, (Redbook)

Statement of Condition: Sales tax was paid on purchases.

Criteria for Condition: Schools are exempt from the payment of sales tax in Kentucky. The only exception is reimbursing tax on meals and hotel expenses for employees and students during travel for school activity fund purposes per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: Credit card and check payments included the sales tax on purchases.

Effect of the Condition: Schools are exempt from the payment of sales taxes excluding tax on meals and hotel expenses for employees and students.

Recommendation for

Correction: Sales tax should not be paid on any purchase except were acceptable per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Management Response: All bookkeepers and key school personnel have completed RedBook Training Updates to refresh staff on State accounting guidelines. Specific issues will be addressed with individual schools.

We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations at your convenience.

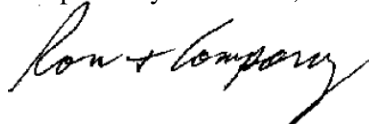
Prior year comments:

2013-01:	<u>Lack of Food Service Income Reconciliation</u>	(Corrected)
2013-02	<u>Cash Used for Child Care Invoices</u>	(Corrected)
2013-03	<u>Handling Cash, (Redbook)</u>	(Repeat)
2013-04	<u>Deposits over \$100, (Redbook)</u>	(Corrected)
2013-05:	<u>Use of Purchase Orders, (Redbook)</u>	(Repeat)
2013-06:	<u>"Miscellaneous Vendor" Payee (Redbook)</u>	(Corrected)

If any action occurs after this exit conference date, which affects the significant or material findings, it is the responsibility of management to provide that information to the auditors.

We sincerely appreciate the courtesy extended to our audit staff again this year. Of course, should you have any questions or concerns regarding your audit, please feel free to contact us.

Respectfully Submitted,



Ross & Company, PLLC
November 14, 2014